

CITY OF MORGAN HILL
SPECIAL AND REGULAR CITY COUNCIL AND
SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES - APRIL 5, 2000

Council/Agency Member Tate called the meeting to order at 6:03 P.M.

ROLL CALL

Present: Council/Agency Members Cook, Sellers, and Tate
Late: Council/Agency Member Chang; Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk Corbet certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council Action

CONSENT CALENDAR:

Council Member Cook pulled Item #1 and 2 for discussion.

Action: *On a motion by Council Member Sellers and seconded by Council Member Cook, the City Council approved 3-0 (Council Member Chang and Mayor Kennedy absent) and approved the Consent Calendar Items #3 - #10 as follows:*

3. ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR HEATHERWOOD (TRACT 9114)

Action: *1. Approved Resolution No. 5369 Accepting the Public Improvements and 2. Directed the City Clerk to File a Notice of Completion with the County Recorder's Office.*

4. VACATION OF A WATERLINE EASEMENT ACROSS THE TERRACINA APARTMENTS PHASE II PROJECT

Action: *1. Adopted Resolution No. 5370 Declaring Summary Vacation and 2. Directed The City Clerk to File a Certified Copy of Resolution No. 5370 in the Office of the Recorder of the County of Santa Clara.*

5. EMERGENCY EXPENDITURE FOR REPLACEMENT OF PUMP AND MOTOR AT TENNANT WELL

Action: *Adopted Resolution No. 5371 Making Findings in Accordance with Government Code.*

6. FINAL MAP ACCEPTANCE FOR MISSION RANCH PH. III (TRACT 9203)

Action: *1. Approved the Final Map, Subdivision Agreement and Improvement Plans, 2. Authorized the Interim City Manager to Sign the Subdivision Improvement Agreement on*

behalf of the City, and 3. **Authorized** the Recordation of the Map and the Subdivision Improvement Agreement following Recordation of the Development Improvement Agreement.

7. **RESPONSE TO ASSOCIATION OF BAY AREA GOVERNMENT (ABAG) FAIR SHARE ALLOCATION**

Action: **Directed** Staff to Respond to ABAG Objecting to Proposed Allocation.

8. **ARCHITECTURAL SERVICES CONTRACT FOR CITY HALL EXPANSION**

Action: **Approved** the Contract with Weston Miles Architect for Architectural Services for City Hall Expansion Project for a Fee Not to Exceed \$27,500.

9. **LIBRARY COMMISSION APPOINTMENTS**

Action: **Extended** Terms of Office for Three Library Commissioners to May 1, 2000.

10. **REQUEST FOR FUNDING FOR THE TOWN CATS, A NONPROFIT ORGANIZATION**

Action: **Approved** Funding of Town Cats in the Amount of \$472.

City Council & Redevelopment Agency Action

CONSENT CALENDAR:

Action: On a motion by Council Member/Agency Member Sellers and seconded by Council Member/Agency Member Cook, the City Council/Redevelopment Agency approved, 3-0 (Council/Agency Member Chang and Mayor/Chairman Kennedy absent) Consent Calendar Items #11 - #13 as follows:

11. **APPROVAL OF REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF MARCH 15, 2000**

Action: **Approved** as written.

12. **APPROVAL OF SPECIAL REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF MARCH 22, 2000**

Action: **Approved** as written.

13. **APPROVAL OF REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF MARCH 22, 2000**

Action: **Approved** as written.

City Council Action

OTHER BUSINESS:

14. FIRE PROTECTION AND EMERGENCY MEDICAL MASTER PLAN

Tony Eulo, Environmental Programs Manager presented the staff report.

Council Member Tate asked if Mr. Eulo knew who served previously on the committee. Mr. Eulo responded by saying he would find out who served.

Council Member Sellers asked if the four geographical areas were determined? Mr. Sellers feels it should be less geographical and more in terms of the needs people have and specific issues they bring up. Mr. Eulo stated no boundaries have been drawn, but have considered: the hills, southwest corner and 2 areas in the central flats as specific areas.

Council Member Tate opened the public comment; there being no comments, the public comment portion was closed.

Council Member Tate stated he would like to serve on the committee in his capacity as Council Member.

Action: *On a motion by Council Member Sellers and seconded by Council Member Cook, the City Council, on a vote of 3-0, 1. **Directed** Staff to Issue a Request for Proposals for Consulting Services and 2. **Directed** Staff to Solicit Applicants for the Plan Task Force.*

15. EXTENSION OF CORP YARD LEASE WITH MHUSD

Interim City Manager Ed Tewes presented staff report.

Council Members Cook: stated, she and Council Member Sellers were part of the group who came up with lease, and since then, the Morgan Hill Unified School District (MHUSD) have told the Corporation Yard Commission, they will not be out of the building by July 1, 2000 and they do not have a firm date for leaving the property, within the next seven years.

Council Member Sellers said the MHUSD stated, at the City School Liaison Committee meeting, they were looking to purchase land. Due to some financial and political reasons, the MHUSD stated it didn't make sense to pursue this avenue. They are looking at a more temporary lease. Council Member Sellers reiterated his concern to the MHUSD, that they are out by what ever date they choose, they will be out of the building, as the City has other commitments. Council Member Sellers also stated, the situation of vacation of the building should be monitored.

Council Member Tate stated the MHUSD has identified three properties that they own, and they may have selected one of those properties, and midyear vacation of yard, is very possible.

Council Member Cook would like the MHUSD to provide a formalized relocation plan; to be part of the lease package.

Council Member Tate asked at what rate the \$151,800 was fixed? The MHUSD will not get to that amount for six years; would that be the amount the district would owe at fair market value in six years for the amount they would owe this year, if they were paying full market value?

Jim Ashcraft, Director of Public Works, stated the appraisal was done about a year ago and the fair market value, discounting the one acre City would be taking back, was \$151,000; not discounting that one acre, the fair market value would be \$180,000 - 190,000/year. The \$600,000 in future value was a calculation by the Finance Director. Mr. Ashcraft stated there is some confusion regarding when the agreement goes into effect and that he and the Interim City Attorney Leichter need to determine when the rent is first due.

Action: *on a Motion by Council Member Cook and Seconded by Council Member Sellers, the City Council Voted, 4-0 (Mayor Kennedy Absent) **Approving** : 1) the Lease Agreement for Extension of the Corp Yard Lease with MHUSD, and to Clarify When the Rent Is First Due, 2) and as the Lease Moves Forward, Have Staff Inform the District, They Need to Present Their Relocation Plan, to the Council, Within the next Three Months, and **Authorized** Staff to Transmit the Lease Agreement to MHUSD.*

Redevelopment Agency Action

OTHER BUSINESS:

16. CONCEPT FOR A BUSINESS INCUBATOR

This item was pulled and will be re-agendized for the April 19, 2000 meeting.

CLOSED SESSION:

Interim City Attorney Helene Leichter announced the Closed Session.

1.

CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY TRANSACTION

Legal Authority: Government Code Section 54956.8

Real property(ies) involved: *The Father's House, First United Pentecostal Church*
APN 767-18-044

271 West Edmundson Avenue

Agency Negotiators: J. Edward Tewes, Interim City Manager/Interim Executive Director;

Closed Session Topic:

Interim City Attorney/Agency Counsel; Garrett Toy, Director of Business Assistance & Housing Services; Julie Spier, Recreation Manager
Acquisition of Real Property

OPPORTUNITY FOR PUBLIC COMMENT

Jim Wright, Morgan Hill citizen and Senior Advisory Committee member stated the committee's first order of business was to determine what they wanted the senior center to look like; what activities are to be provided? The Committee, with assistance from Julie Spier, Recreation Manager, visited various senior centers in and out of the county and picked up some ideas. The Committee toured the church on Edmundson and recommends the Council take a look at the church. One major improvement that would have to be made, is the addition of an elevator. The purchase price is \$2.1 million.

Mayor Kennedy asked if it was the Committee's opinion to purchase property? Mr. Wright stated the Commission is suggesting the Council look at it. Mr. Wright's opinion is that the church could be purchased, but would need modifications.

Council Member Cook asked if instead of a senior center, if a multi-generational center would work. Mr. Wright agreed with the term of multi-generational center.

Doris Bateman stated the church's architectural design is beautiful inside and out. Ms. Bateman feels the kitchen would need to be enlarged, an elevator does need to be installed, there is a sound system, bathrooms upstairs and downstairs, air conditioning and a small stage. There are seven rooms on the second floor and there are 52 parking places. Between the building and the park, is a gate the seniors could use for access and it's on the bus route.

Rick Page, Morgan Hill citizen, urges the Council to consider the opportunity to investigate the possibility of the land and building being a multi-generational center. The building is very suitable for a senior center, and in addition, after 3 PM, the facility could be used for recreation and theater. The price is comparable to building a new facility. An elevator, would need to be added. Mr. Paige feels the kitchen is of ample size and already plumbed. The location is right next to the park and a bus line running near by.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to closed session at 6:37 p.m.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 7:10 P.M.

CLOSED SESSION ANNOUNCEMENT:

Interim City Attorney/Agency Counsel Leichter announced no reportable action was taken.

PLEDGE OF ALLEGIANCE

At the invitation of Mayor/Chairman Kennedy, Marion Smith led the Pledge of Allegiance.

SILENT INVOCATION

INTRODUCTIONS

Finance Department

Jack Dilles, Finance Director was introduced by Interim City Manager Tewes.

Building Division

Dean Ziesbrich, Code Enforcer was introduced by David Bischoff.

PROCLAMATIONS

Mayor/Chairman Kennedy presented a proclamation to Mr. Jon Kitahara and Mr. Mark Tamura declaring the April 8, 2000 as *Northern California Taiko Exposition Day* and April 9, 2000 as *Haru Matsuri Festival Day*.

Mayor/Chairman Kennedy presented a proclamation to Jose Trujillo, on behalf of Community Solutions, declaring the month of April *Sexual Assault Awareness Month*.

CITY COUNCIL REPORT

Council Member/Mayor Pro Tem Tate reported on the following:

1. On Tuesday, April 4th, met the with members from the Morgan Hill Unified School District (MHUSD) at the month City-School Liaison Committee meeting. The members have come to a definite agreement to proceed looking at the development of an aquatic center.
2. On Thursday, April 6th, will be attending a meeting of the County Emergency Preparedness Council and then will be touring the facility which is located at the County Sheriff's office;
3. Attend a budget study session of the meeting of the Library Joint Powers Authority. It appears there will be additional staffing at the Morgan Hill Library, this coming year.
4. On April 13th, will be attending a South County Joint Planing group; representatives from the Board of Supervisors, City of Gilroy, City of Morgan Hill, San Martin. This group looks at joint area interests and they have a dedicated meeting to talk about transportation issues.

INTERIM CITY MANAGER'S REPORT

No report was given.

INTERIM CITY ATTORNEY'S REPORT

Interim City Attorney Leichter indicated that monthly litigation summaries are available, and holding steady at 6 cases.

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comment on items not on the agenda.

Evelyn Kobayashi presented the first twenty seven pages of a petition concerning a request to City Council to take another look and revise the plan to the community center, which will be built at the corner of Dunne and Monterey. These 540 people, who signed the petition, feel there are serious concerns and inadequacies in the plan.

There being no further comments, Mayor/Chairman Kennedy closed the public comment portion.

1. **RESOLUTION OF PUBLIC BENEFIT IN A SHARED USE OF THE CITY'S COMMUNICATIONS FACILITY WITH THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY**

Action: *Approved Resolution No. 5368.*

2. **LEASE AGREEMENT WITH THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY FOR SHARING THE CITY'S COMMUNICATIONS FACILITY**

Interim City Manager presented staff report.

Mayor/Chairman Kennedy opened the floor to public comments on Items #1 or #2. There being no comments, the public comment portion was closed.

Council Member Cook stated she would not be supporting either of these actions. It would her preference to remove all man-made buildings and antennae from El Toro, instead of using the site.

Mayor Kennedy stated he would be supporting both items. He feels there is no degradation of appearance.

Item #1:

Action: *On a motion by Mayor Pro Tem Tate and seconded by Council Member Chang, the City Council voted 3-2 (Council Member Cook and Council Member Sellers voted no) approved Resolution No. 5368 Supporting a Shared Use Facility for Radio Communications on El Toro Peak.*

Item #2:

Action: *On a motion by Mayor Pro Tem Tate and seconded by Council Member Chang, the City Council voted 3-2 (Council Member Cook and Council Member Sellers voted no) **authorized** the Interim City Manager to Sign a Lease Agreement with the Valley Transit Authority (VTA) to locate VTA Communications Equipment at the Site of the City's Emergency Communications Facility on El Toro Peak.*

Council Member Cook requested that Item #18 be moved up.

18. VACATION OF A PORTION OF KEITH WAY
Resolution No. 5372

Mayor Kennedy opened the floor to public comment; there being no comments, the public comment portion was closed.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Adopted** Resolution No. 5372 Vacating a Portion of Keith Way.*

Action: *On a motion by Council Member Tate and seconded by Council Member Cook, the City Council unanimously (5-0) **Authorized** the Interim City Manager to Sign Quit Claim Deeds on behalf of the City.*

City Council Action

PUBLIC HEARINGS:

17. DISCUSSION ON MEDICAL SERVICES FEASIBILITY REPORT

Mayor Kennedy stated there were many speaker cards, and if anyone would like to yield their time to the additional speakers, please do so. Mayor Kennedy stated the time limit for these speakers would be 10 minutes, if at all possible. San Jose Christian College will be speak first, as they felt they did not have adequate time to speak at the last meeting.

Interim City Manager Tewes presented the Staff report, summarizing three major points.

1) Council is conducting a public forum on the issues raised and conclusions reached by a feasibility report prepared by a H.O.M. Group. The report was presented to the Council and community on March 15th. The report looked at a wide-range of medical services and the need for those within our community and the feasibility of a variety of options. The report concluded that it would take several years, perhaps as many as 20 years, for enough demand to arise to support a full-service acute care general hospital in this community. The report did identify the need for a series of other medical services needed and identified two feasible options for providing them. At the March 15th meeting, the Council directed staff to ask consultants to prepare supplemental technical data. This data has been submitted in a technical memorandum to the Council; in short, the faster pace of residential development, the higher expectations of market-share, the demand for an acute care general would be achieved in Morgan Hill.

2) A report from the Council's subcommittee on hospitals and medical services

The report contains the subcommittee's recommendations in two areas:

a) Sub-committee recommends City government adopt a certain role in the continuing healthcare discussions; act something like a "Trustee"

b) Council adopt a set of policy objectives that should be achieved:

1. An acute care hospital facility, *but if unable to achieve that objective*, then the

objective is to preserve flexibility for future conversion of existing facility to acute care hospital;

2. Emergency care, *but if unable to achieve*, then 24-hour urgent care;
3. A women's center which may include birthing center, obstetrics/gynecology services, and other associated services.;
4. An ambulatory surgery center;
5. Sufficient complement of primary care physicians;
6. Sufficient and appropriate lab, radiology, and other clinical services;
7. Minimal financial risk to the City; and
8. Mechanisms to guarantee/secure the provision of the above components of a health care system over a long term period.

Secondary Objectives:

1. Skilled nursing facility
 2. Speciality surgery services
 3. Physical Therapy/Rehabilitation
- 3) Following the conclusion of the public hearing, Council give staff direction with respect to the schedule and approach for evaluating proposals.

Mayor Kennedy read the notice of public hearing procedures.

Mayor Kennedy opened the public hearing.

San Jose Christian College spokespersons.

Eldon Ewing, resident and businessman of Morgan Hill, Chairman of the WIN-WIN Committee and spokesperson for several speakers from the San Jose Christian College. Mr. Ewing presented the "Morgan Hill Residents' Petition to Support San Jose Christian College Moving to Morgan Hill" petition to the City Council. The Committee is named WIN-WIN, for the college and healthcare; committee wants to bring both to Morgan Hill. Mr. Ewing introduced members of committee Kathy King; Norm Mason, Mike Birchfield, Rev. Grace Fenn, Pastor Rod McKay.

The decision made by Catholic Healthcare, to purchase the other hospital, consolidate and move the operation to the southern location was done primarily to allow for a viable hospital situation, allow for it to succeed and provide better healthcare. Morgan Hill does not have growth plan to support a hospital and he urged the Council to be very careful in moving forward and not to recreate the circumstance of the past 10 years, where two hospitals were closed. Mr. Ewing stated not all the doctors have left Morgan Hill and there won't be a mass exodus of doctors. He feels the citizens of Morgan Hill are in better shape, regarding the travel time to St. Louise Hospital, than 80% of the other residents in Santa Clara County. The acute need can be treated by paramedics and sent to a trauma center. At municipal bond rates, it would cost about \$1,600,000 a year to purchase the property. He urged Council to look deeply into this circumstance and look at all the ways medical services can be provide and using the hospital that is available and allow it to be very viable and profitable.

Bryce Jessup, President of San Jose Christian College, resident of Santa Clara County, stated this college would be the first 4-year accredited college in south Santa Clara County. He feels the college

would be good neighbors, as the is a value based institution, which contributes in the quality of individual life of families and the community through high moral students. The students are prepared for servant leadership roles within the church and within society. The gymnasium & soccer fields would be available to community and to families. The move to the new site would be an ideal use of the building. The reuse requirements would be minimal and the impact of traffic and community congestion would be less than the previous usage. The transition from the current campus would be quick and smooth. The site has rooms for both classes and student housing. It's the only economically feasible way to make the move to Morgan Hill. The Morgan Hill site is the only site that immediately meets the needs and requirements. The San Jose campus is ; overcrowded with 400 students; 300 are on campus student and 100 employees. The new site would double the floor space. The students come from 33 birth countries; there is a rich diversity on campus and a real sense of family and unity. The present campus in on 8 acres of land and the new site would be 25 acres, which allows for future planning. The new site would make it more easily accessible to students from the north and south. Mr. Jessup acknowledges the concern for the ongoing need for medical services and knows the Council is not against college. He believes the City of Morgan Hill could have both adequate medical needs and an accredited 4-year college; making it a WIN-WIN situation. To enrich the community, making it a better place to live to share together as a family. Mr. Jessup stated Mr. Thomas Kinkade is looking forward to San Jose Christian College partnering together with an art academy on campus, where he can bring together the finest artists of the community and people from around the world and train them in art. San Jose Christian College want to build a world class computer and technology center. The college has been around for 60 years, now want to come to Morgan Hill.

Mike Birchfield, member of the WIN-WIN Committee and Senior Pastor of South Valley Church since 1987 commended practitioners who can serve Morgan Hill without use of funds. He is concerned that St. Louise Hospital didn't have enough patients to pay the bills to keep the doors open. Morgan Hill needs medical services but not on the scale of a full-service hospital. He stated the college should be allowed to purchase the property and assist medical doctors to provide medical service community needs at another site.

Medical Service Providers that have given proposals to Council.

Mr. Bill Brown stated there are representatives, who will be speaking, from the Ross Family and Tennant Healthcare Services providers and from the doctors.

Dr. Rajesh Prasad, a cardiologist in Morgan Hill, spoke for 20 or more of his colleagues, who have signed a proposal which he distributed to the Council. Catholic Healthcare West (CHW) marked a site in Gilroy, and they decided they wanted to close the facility. Some of the doctors worked very hard with them to try and find a solution, such that medical care would be available at the same facility to citizens of Morgan Hill. CHW decided they did not want to pursue that avenue, and now there is no facility being provided by CHW. In response to the need of the citizens of this community, which includes the doctors, the proposal states the City should act as a facilitator in purchasing the property for the doctors. The City is not to commit any funds, rather the money would come from the financial partnership of Price Foundation and the Medical Partners of Morgan Hill, a group of Morgan Hill doctors, which would be called the Limited Liability Company. The St. Louise facility would be leased to a healthcare provider like Tennant Healthcare Services, a

nursing home provider like Hillview Convalescent Hospital and the physicians. The building is divided into 3 portions: the north end in the medical office building, the south end which presently had the ICU, Med-surge and skilled nursing beds would be leased out to the nursing care provider. They would then have a 80 - 100 bed skilled nursing and long-term nursing facility on campus. They would be paying a rent to the partnership; the Limited Liability Company. The central portion would be the only portion of the site which would be remodeled and used as an acute care hospital. There is already a birthing center and operating room (OR). Only 20 beds would have to be created, so Morgan Hill could have a small community hospital. The Morgan Hill Community Hospital would work as a satellite hospital. The partnership has a commitment from a healthcare provider to work with them in that manner. The reason the Partnership can make this work, where CHW failed, is because there would be 3 separate sections, paying rent, where CHW had only funds coming from in-bed care. Dr. Prasad urged the Council to support the venture.

Dr. Kumnah Thanapathy, Obstetrician,, stated when Catholic Healthcare West left Morgan Hill, they betrayed the citizens of Morgan Hill and the citizens of south county. They claimed to have consolidated services, but they left out the needs of women. You can not run a full-service hospital without considering and caring for the reproductive services of women. Dr. Thanapathy urged the Council to keep the hospital site a hospital and create another place for the college.

Dan Doore, CEO, for the Community Hospital of Los Gatos, and representative for Tennant Healthcare System expressed his company's interest in working with the doctors and community to help develop what medical services are appropriate for the community. He has met with City officials and doctors for last several months to evaluate the true need for medical and healthcare services. He asked to what extent are the doctors of the community and the population willing to support a full-service acute care hospital. The report given at the last meeting did a good job of representing what has happened over the last 10 years and it has been a disastrous situation for both hospitals financially. Mr. Doore said if there were 20 or so doctors committed to an acute care hospital and if the members of community were to seek acute care here, instead of going north to San Jose or south to Gilroy, there would be enough demand to support an acute care hospital. The model of care presented by Dr. Prasad, is the model of care being pursued now. Mr. Doore stated the business plan they are working on is not yet complete, so he is unable to give details, but will contain an in-patient model that will start with 20 - 30 beds in the central corridor. Looking into providing full in-patient and out-patient surgery, laboratory services, radiology, a birthing center, and a full service 24-hour emergency room. The key to success for hospitals is having a management team that works cooperatively and collaboratively with doctors and a community which supports the hospital.

Mr. Steve Ross, Administrator of the Hillview Convalescent Hospital in Morgan Hill, presented a proposal to the Council. He stated the Ross family has been providing skilled nursing care in Morgan Hill for over 30 years. Over the last 10 years the nature of their business has changed dramatically. These changes are due to the aging population, the regulatory changes and the manner in which medical services are delivered. The typical nursing home resident is older, sicker and needier than ever before. Nursing facilities are an increasingly important part of the continuum of care, following hospitalization by providing special medical services to patients with complex medical problems. As the population ages, the medical needs increase greatly. The services provided by the skilled nursing section would be ; Alzheimer and dementia care, physical, occupation and speech therapies, custodial

nursing care, hospice care, short stay care for family members who want to take a short break from caring for a loved one, laboratory, x-ray, pharmacy and social services. Within the next 25 years, aging baby boomers will begin to develop Alzheimer's disease. About 35% of people develop this disease by the age of 75. The future will see a substantial need for a long term care services. The facilities serving this area are: Hillview Convalescent Hospital, Pacific Hills Manor and the Gilroy Health Care facility. Between the three facilities, almost 100,000 patient days are being taken care of and the average patient census is around 95%. These long-term care facilities are virtually full at this point. There was a loss of at least 19 set up beds, for long-term care, when St. Louise hospital closed. Hillview is currently operating under a conditional use permit, the property is zoned in the R-1(7000) district. Three years ago, plans were submitted to the City for substantial remodel and addition. It was recommended by Planning staff they acquire a new site for their operation; the new site is ready made at the St. Louise hospital building. It is proposed they use 80 - 100 beds, completely taking up the south wing, which is approximately 1/3 of the facility. There would be no problem paying the bills and the facility being a financially viable long-term care facility. They also envision a very modern facility that the community would be proud to have their loved one in. Mr. Ross expressed his support for restoring medical service at the former St. Louise site and they look forward to being a part of the Morgan Hill Community Hospital.

Mr. Brown stated the City is in a crisis; physicians are being lost and there is the threat of losing skilled nursing bed capacity, we have lost a 24-hour urgent care facility. The City Council needs to take action. The speakers have provided a very feasible plan to operate the facility and make it break even or make money. He is concerned with the care being offered in South County and the other hospital lost \$800,000 last month. Mr. Brown would hope to provide an acute care hospital, but not at this time, because the demographics do not justify it. Tennant Healthcare Services is proposing a 24-hour urgent care facility. There is an urgent care facility currently operating, but for only 54 hours a week out of 168 hours available. He stated the college can go elsewhere, a hospital can only be zoned at the current St. Louise hospital site. Mr. Brown stated representatives from the Frye Foundation will be contacting the Mayor to confirm financing for this project.

Council Member Cook asked when emergency room care and an acute hospital would be available.

Mr. Doore stated the business plan that is currently being worked on would provide for a 24-hour emergency care from day one. One of the main reasons both hospitals, in the last 10 years, were unable to break even was due to the lack of patients. A plan is being presented which shows Tennant taking the middle section of St. Louise building, the skilled nursing home taking all the beds and the doctors owning or long-term leasing medical office space, taking away the need to cover the debt capacity, which was a big problem for St. Louise and South Valley in the past.

Council Member Tate asked if there will be a board overseeing the 3 separate groups? The Board of Directors of the LLC would make the policies, but not manage the 3 facilities on a day-to-day basis?

Mr. Brown stated LLC will be owner and manager of the building. The doctors will have the rental of the doctors facilities, Hillview will have the rental of the other facilities, Tennant will have the rental of the hospital portion of the facility. He anticipates the construction of another wing within

the near future which Hillview can move in to. When the hospital can become sufficiently viable it can then take over the 80 beds.

Mr. Doore stated the proposal being laid out addresses and achieves all objectives, including the secondary objectives. Regarding the on-site manager, the acute care hospital would be run by Tennant, the skilled nursing facility would be run by Hillview Convalescent Hospital and a set of medical offices, which would be run by the specific doctor. He stated the 3 factions have talked about an understanding and arrangement, where the acute care hospital needed more beds, additional skilled nursing beds would be built next to the hospital, then the skilled nursing unit could move there and the hospital could expand within the walls of the existing building.

Mr. Wade Rose, representative from Catholic Healthcare West, stated that in his meetings with City officials, it was their position that when faced with making a choice regarding acute care services, they would error on the side of choosing the largest hospital. This large hospital could address the needs of the South County community, and not create a public health crises by having a hospital which is too small. They raised the issue at that time and they raise the issue again, they felt the City of Morgan Hill needed to address its' issues surrounding adequate physician offices and urgent care facilities once the hospital closed. While they were not able to engage in a dialogue with City Officials or negotiations on how to achieve that, CHW did what they could by selling the cancer center property behind the hospital to Dr. Kraut, for physicians offices, and they worked with the San Jose Medical Group to open an urgent care center at Tennant and 101. Mr. Rose stated they did what CHW was going to do and they are interested in doing more in assisting the City on how to address the additional health care needs Morgan Hill has, especially in the area of adequate physician offices in urgent care. How to do that, needs to be discussed, and it should not be a hasty manner, but thought out, because of the complexity of healthcare undertaking and the financial risks associated with it. CHW thinks utilization of the St. Louise site by the Christian College and the establishment of a 4-year college is a great thing. He feels there is a possibility of a WIN-WIN solution.

Council Member Chang stated she found out about the closing of Saint Louise when all others did. At that time she phoned John Williams, to talk about getting medical care for Morgan Hill, she didn't receive a phone call until today. She was pleased to see representation from CHW.

Mr. Rose stated they do continue to think of the health care and safety needs of the residents of Morgan Hill, as demonstrated by the creation of physician offices and establishment of the urgent care facility, and there is room for more assistance.

Jim Randlett, encouraged Council to take the additional step forward explore the possibility of retaining the hospital. It would be extremely difficult to acquire the facility in the future, and it would be much more difficult to build a facility from scratch. He stated his organization has a highly specialized inpatient service, that would retain the facility and use it with a general acute care license. The benefit would be it would hold the license in tact, so that at such time, when the community has a need for a broader service facility, they would turn it back to the community. The proposal mentioned which includes, a emergency room and general acute care beds, is a general purpose hospital, and is a better deal for the citizens of Morgan Hill, then his company has to offer.

Council Member Cook understood the license went to the operator of the facility, not the facility, and when the operator ceased to operate the facility does not have a license. What is being preserved?

Mr Randlett stated the license can be transferred. Any new construction would require a new set of standards, most often existing facilities are grand-fathered in; don't require an existing facility to meet the new standards. If there were no general acute care hospital license for 5 years, whatever new standards which came along, would have to be met, but if they were there operating it, the license would be a transfer.

Mayor Kennedy asked if there was an existing license? Mr. Randlett responded by saying, he thought it had been surrendered and would have to be apply to have it re-license. At this point in time, it would be fairly easy to have the license reinstated, but as time goes on, any new standards must be met before re-licensing.

Mayor Kennedy asked what other benefits does his proposal offer the community? Mr. Randlett responded by saying, the possibility of a cancer center, would contribute another income component to make it more financially feasible. There would be an urgent care usage, a nursing home usage, a physician office space usage, plus their general acute usage. They are willing to give this back to the community, with a couple years notice.

Citizens

Dona Barmore, senior and care giver, stated healthcare is very important, to her and her husband, Dr. Willis Barmore, who is a retired scientist with Parkinson's Disease. She doesn't agree community is aging, but getting younger, she appreciates the quality of people the college would bring to this community, and she's very impressed with college's caring for their community. Mrs. Barmore did not believe citizens will support a hospital and recommended that the city propose something the citizens can support. There's some care that needs to be in this community, but large organizations have proved this community will not support a hospital.

Karen Andersen, past member of the Saratoga City Council, urged Council to look at the site as a place for possible continuing care, as Morgan Hill lacks this type of care. There is room for this type of facility at the St. Louise site, plus all the facilities described by the doctors. Not only should be Council be looking at the aging population, but for those citizens who need to place their parents in continue care facilities.

Robert Wells stated he is aware of domestic violence in elementary and high schools and in favor of welcoming the college's high moral standards.

Dr. Jude T. Roussere, General Surgeon, stated there is an exodus of doctors. He also stated in times of an acute emergency, St Louise Regional facility would be too far to go.

Carol Schwartz, San Martin resident, proposed going into partnership with Stanford or UC-SF and get outpatient client provider coverage in this area. It would be a great opportunity for this community to have a teaching research university. UC-SF is well known for it's women's services and Stanford for it's heart and children's programs. Also, look at the David Packard foundation and

see if there are funds available. She also suggested going to the larger businesses in the area, and address their concerns regarding their employees.

Jim Bischoff, relinquished time to Kathy King, King's Martial Arts Academy. King's Martial Arts Academy are firm believers in community service. She stated they are concerned members of the community, coming in support of San Jose Christian College, because of their high moral strength and community service.

Barbara Jessup Bailey, representative of the Morgan Hill Chapter of the American Association of University Women (AAUW), urged the City Council to take medical needs of women and children into their consideration. The AAUW represents approximately 100 women.

Dr. Ann Chirala, Cardiologist, stated she is one of the last few physicians practicing in the old St. Louise facility, until 4/30/00. She stated the need for a place in which to practice and she hoped it would be at the St. Louise facility in Morgan Hill. Dr. Chiral stated her patients are worried about the extra miles which have to be driven to reach the Gilroy facility. She urged the Council to come to a quick decision and the decision be in favor of the citizens of Morgan Hill.

Bernie Mulligan, a 22-year citizen, urged Council to move forward with the hospital concept.

Debra Africa, Morgan Hill resident, registered nurse, and currently manager of Critical Care Services at a hospital in San Jose, and a previous position was as manager of the emergency department and intensive care unit at South Valley. She also informed the City Council that she is a per diem nurse at St. Louise Regional Hospital and that there is a need to retain hospital site for acute care. Prior to the sale of South Valley the emergency department daily census was 40 - 45 patients; 60 patients a day was considered extremely busy and stretched the existing resources. After the sale, the merging of the two hospital populations compounded by a very busy flu season, saw the new St. Louise Regional Center overtaxed at times with 100 - 120 patients per day. This high census was further compounded by the fact there has been an exodus of nurses occurring in the wake of the sale. Registry nurses and new graduate nurses are trying to supplement the staffing. This factor directly affects Morgan Hill residents and their neighbors. Lack of safe adequate care, let alone quality care is a serious problem facing the community. Ms. Africa urges the Council to move in support of safe, adequate health care for the community.

Dr. Ernie Wallerstein, Vice President with San Jose Medical Group (SJMG), a large a multi-specialty group, stated this Group has 175,000 patients in Santa Clara County and of that number, 20,000 patients are in the Morgan Hill area. Dr. Wallerstein stated the Group has worked with Tennant Health Care Systems, CHW, Hillview and various doctors. Also, SJMG has worked for the last 6 months with CHW to assure urgent care is available in this community, seven days a week and lab and x-ray services are available. SJMG has been a part of this community since 1987, they will be a part of this community whether there is a hospital at the old St. Louise location.

Dr. Wallerstein stated the urgent care center is open 52 hours a week; however, there are seven physicians, five of whom are primary care physicians and are there 8 AM - 5 PM, 5 days a week. There are also Saturday, Sunday and extended hours, Monday through Friday until 8 PM. Dr.

Wallerstein stated there isn't enough patients to support that kind of operation.

Carolyn Orlando, resident of Morgan Hill, and 1992 graduate of San Jose Christian College, stated she is in favor of the college establishing their campus in Morgan Hill and she asked the Council to consider the answer to two questions: 1) What makes a strong City and 2) what makes a City great? The answers to these questions are not merely financial prosperity, it is the impact the City has on the individuals within its community. There is a tremendous opportunity to strengthen the individuals, by allowing the establishment of the college. She urged the Council to consider other options for acute care.

Bill Conlan, Morgan Hill resident, stated, 12 years ago Wheeler Hospital could not provide service to Morgan Hill residents and the study showed the need for another hospital. CHW said they'd build a hospital second to none and the residents supported them. The old St. Louise Hospital site should remain a hospital. Urged the Council to move ahead with the concept that has been presented.

Jim McMahon, Morgan Hill resident and former law enforcement officer, stated there's a golden 60 minutes in a trauma case. If the only hospital available is north, a life-line is needed, because you won't make it out of this valley and not here under the current circumstances. It takes 20 minutes to Gilroy under the best of circumstances, and no traffic and 25 minutes to Santa Teresa. Consider 5-7 minutes, under a best case, for the EMT to get a response, 5-10 minutes for the ambulance crew to identify and stabilize, another 10 minutes to load and then the cautious 20-25 minutes either way. That's a total of 57 minutes of 60 minutes of golden time. He urged the Council to use the hospital facility the community all ready has and provide another site for the college.

Mark Grzan, Morgan Hill resident, has been a St. Louise patient and is very thankful the facility was there. St. Louise is an asset to and strengthens the community and urged Council to retain the facility.

Bob Harvey; Morgan Hill resident, stated there are other sites within Morgan Hill, which can be modified and opened as clinics. The San Jose Christian College could provide cultural and educational services. Mr. Harvey urged the Council and Planning Commission to reinstate the educational zoning of the hospital.

Virginia McDonald stated the WIN - WIN idea is tremendous idea, but retain the hospital site and help the college find another place.

Sylvia Hill, Morgan Hill resident, stated she supports the move of San Jose Christian College to Morgan Hill and that it is a mistake for Council to take over the property by eminent domain. She also stated, Morgan Hill can not support a hospital, based on the information obtained from the study.

John Dossetti, Morgan Hill citizen, stated he is in support of keeping the hospital.

Melanie Spremich, stated she is not in favor of keeping the hospital opened because the community can not support a hospital.

Glenda Garcia, Morgan Hill citizen, asked the Council to keep the hospital site a hospital and is in favor of Bill Brown's proposal; retain zoning of hospital.

Stephanie Cummins, Morgan Hill resident, stated she is a critical care registered nurse and worked at St. Louise hospital in Morgan Hill. Ms. Cummins urged the Council to keep the hospital open.

Barnom Lambert, new resident in Morgan Hill, stated he is in favor of keeping the hospital.

Rob Conlan, a private practice physical therapist in Morgan Hill, and used to be on the management team at St. Louise Hospital, stated the problem with CHW is, they are a large company that does not know the needs of the community. This area has viable group of doctors and leading healthcare professionals willing to invest their money to create a viable healthcare enterprise in Morgan Hill. Mr. Conlan encouraged the Council to keep the hospital.

Scott Squires, Morgan Hill resident, stated he was in support of San Jose Christian College moving into the old St. Louise Hospital site.

Kathy Smith stated Gilroy is too far to go for medical services. Ms. Smith stated she sat in the San Jose emergency room for 8 hours and she urged the Council to keep the medical facility in Morgan Hill.

Dr. Kay Llovio Interim Vice-President of Academic Affairs at San Jose Christian College stated its students would benefit this community.

Shirley Higdon, Morgan Hill citizen, stated she is opposed to the San Jose Christian College utilizing the hospital site, and relocating the college to another spot. Ms. Higdon urged the Council to listen to the citizens and not to the outside groups and there is a need for a hospital; do not rezone the hospital site.

Kate Nelson, Morgan Hill citizen, stated Morgan Hill can't support a hospital and urged the Council to let the college use the facilities.

Jim Kelley, Morgan Hill resident, stated he is in favor of keeping the hospital site a hospital and encouraged the Council to look to keep the medical facilities and find another site for the college.

Rev. Grace Fenn, has been in community over 3 years, with a church in San Martin, stated she would like to have the college move into the St. Louise facilities because they have won the bid and it should be honored. Secondly, they want for the community a reasonable provision medical care. Rev Fenn said eminent domain to take the hospital property over, should be very carefully considered and make the current hospital more accessible to the freeway.

Mayor Kennedy stated the City is not using eminent domain to purchase any church properties.

Paul Staudenmaier, Chair of the South County Neighborhood Disaster Preparedness Project, stated they have been serving the community for five years, and as part of that training is six hours of

disaster medical community training and that is how to get major injuries to medical facilities to save their lives. In the 84-square mile area in south county, there is only 1 facility, and that will make the this effort even tougher. In the event of a major disaster, it would impact 70,000 people in south county area, including Morgan Hill, Gilroy, San Martin and other rural areas.

Melba Diaz-Schwartz, asthma sufferer, stated upon a severe asthma attack, immediate medical treatment means life or death and she would not be able to make the 20-minutes drive to Gilroy. Mr. Diaz-Schwartz urged the Council to permit 24-hour emergency center in Morgan Hill.

Will Jones, financial consultant in several hospitals, stated someone has to pay the tab and he thanked Catholic Health Care West coming down and making the commitment that they have. CHW had to make a decision and it is purely economic. The two facilities in the past 12 years lost over 40 + million dollars. Who can come into this area and make those type of fiscal commitments ? Mr. Jones urged the Council to sell the parcel to the college and make a strong alliance with CHW.

Harlan Warthen, Morgan Hill resident, past Planning Commissioner, urged Council to make the decision that is right for Morgan Hill citizens and not what's right for other interest groups.

Marion Smith stated the Gilroy hospital is not architecturally suited for disabled patients and there is a need for a 24-hour urgent care facility.

Marsha Warthen, Morgan Hill citizen, urged Council to listen to those citizens who've lived in Morgan Hill prior to having a hospital and to what they received from the hospital; peace of mind, healthcare and pride in Morgan Hill. Mrs. Warthen stated in acute medical needs, time does matter.

Dr. John Quick:, Morgan Hill veterinarian, stated a good city needs healthcare and urged the Council to hold on to the hospital facility. Dr. Quick said the business plan will work and use the power of eminent domain to retain the St. Louise hospital site.

David Gerard, Morgan Hill citizen, thanked the Council for their patience. Mr. Gerard taught at UC - Berkeley school of public health in the area of long-term care finance and organization.. The report is flawed and commended the City Manager and sub-committee to seeing through some of the smoke screen. Mr. Gerard stated it would be a wonderful opportunity to take advantage of the joint venture.

Council Member Cook: asked what flaws he found in the report.

Mr. David Gerard responded by saying, with regards to the occupancy rate, in 1994, St. Louise had the best occupancy rate, in 1996 St. Louise was second. No where in the report does it mention why and the consultant should have addressed the change. Mr. Gerard stated he has questions as to the way the hospital was managed in the past few years. The long-term care is the key to financial viability of the new plan.

Deke Descoteaux, Morgan Hill citizen, stated empty beds do not promote revenue. A solution would be to convert some of the unused capacity to skilled-nursing. Mr. Descoteaux welcomes the college to Morgan Hill, wished success to CHW in its Gilroy office, but not to the expense of lowering

medical care in Morgan Hill and he urged the Council to consider the fact that the Morgan Hill Community Hospital would not be tax exempt.

Kit Greenberg:, Morgan Hill citizen, Coordinator of the Community Hospital Steering Committee, a group of concerned citizens committed to returning good healthcare to Morgan Hill, stated the government is a guardian of public trust and is in favor of keeping the hospital.

Jack Gratteau, Morgan Hill resident, employed at Abbott Laboratories, volunteer with Channel 34 stated he was in support of the hospital in Morgan Hill. CHW does not have connections with various insurance groups.

There being no further comments. Mayor Kennedy closed the public comment portion of the meeting.

Action: *On a motion by Council Member Chang and seconded by Council Member Tate, the City Council unanimously (5-0) **Extended** the meeting to 1:00 AM.*

Interim City Manager Tewes reiterated the recommended actions.

Mayor Kennedy stated the recommendation of the City Council hospital subcommittee, is the role of the Guardian of the Public Trust, meaning the Council is responsible for ensuring the public benefit of the City is provided.

Mayor Pro Tem Tate stated there is increasing levels of risks from one role to the other and the Guardian of the Public Trust is the right role for the Council.

Council Member Cook stated there should be a role between the Spectator and Guardian of the Public Trust. The Council does have some obligation to making sure there is medical care in the community but the City should not be inn the role of negotiator, which in under the role of Guardian of the Public Trust. Ms. Cook noted that providing medical services is a business and she is adverse to accepting any potential financial risk.

Mayor Kennedy stated the thought process was that the City prepare RFPs, clearly outlining policy objectives, and send out proposals, receiving back the proposals and select the one Council wants; no negotiating on the proposal.

Council Member Cook stated the if this is to be a very general policy to guide the City in future healthcare issues, then the distinction should be made (regarding negotiating).

Council Member Chang: suggested, at the end stating, "This policy is only going to be used at the time when the public health and safety is being threatened."

Interim Helene Leichter suggested using "facilitating" as the role of the Council, instead of "negotiating." Council Member Cook would be agreeable to that term change.

Council Member Tate suggested including, “facilitating and if necessary, negotiating with healthcare providers.” Council Member Cook said she would agree to this.

Council Member Chang: stated that Guardian of the Public Trust would be the least amount of risk to the City.

Council Member Sellers said there will be a need to negotiate with all parties and there will be an involvement with CHW in this situation..

Action: *On a motion by Council Member Chang and seconded by Council Member Sellers, the City Council, on a unanimous vote (5-0) **amended** the policy of Guardian of the Public Trust by adding,: 1) “including facilitating and if necessary, negotiating with healthcare providers,” and 2) leaving the last two sentences in at this time, but if a formal policy is written, the last two sentences should be stated as commentary.*

Council Member Tate would like to see more quantification; suggested changing Bullet #3 to: A women's center which includes OBGYN services, a birthing center and may include other associated services.

Change to Bullet #3

Council Member Sellers: Obstetrics/gynecology services, a birthing center and other associated services for women.

Council Member Cook stated there are two different issues: 1) what does the community need for primary care physicians? and 2) what complement of physicians is needed to maintain the acute care hospital which is not a community hospital? This would help quantify the issue.

Council Member Chang stated it should be left as is; not making it too specific.

Council Member Cook suggests, a sufficient complement of primary care physicians to support the community, and/or an acute care facility

Change to Bullet #5

Council Member Cook: A sufficient complement of primary care physicians to support the community and/or an acute care facility

Change to Bullet #6

Council Member Cook: A sufficient amount of appropriate lab, radiology, and other clinical services to support the community and/or an acute care facility.

Change to Bullet #8

Council Member Tate: Mechanisms to guarantee/secure the provision of the above components of an operational health care system over a period, not less than 20 years.

Council Member Cook stated, 1) looking at facilities to be maintained in the community, other than

acute care and emergency care, all the services can be provided off site and do not need to be associated with a hospital. Instead of being limited to a specific site and with very specific requirements, which is what is related to first two bullets, add a bullet that states, we will allow these services to be provided off site.

Council Member Cook suggested a new bullet: If any of these objectives could be met, not on a hospital site; a free-standing facility, we should be allowed the opportunity to look at it.

Council Member Tate stated, he thought the bullets were generic enough to do that, but after re-reading Bullet #1, it does refer to an existing facility. Perhaps removing that phrase from the bullet would make that objective more generic.

Council Member Cook stated she could go along with that, but didn't think that would be as acceptable as her request for the new bulleted item.

Council Member Chang stated the off-site issue, doesn't need the City to be the Guardian of the Public Trust. When going outside for a surgical center, the public can do it. The reason it's being addressed this way, is because acute care or 24-hour urgent care is desired with the whole package.

Council Member Cook asked Bill Brown if this objective suggests that a health care system could bring forward off-site facilities or free-standing facilities, not involved with a hospital? Mr. Brown responded by saying, "either way I would read this." Interim City Attorney Leichter stated, this statement gives more flexibility than the original statement.

Add New Bullet (Last Bullet)

Council Member Cook: The above objectives may be achieved in an existing facility, a new facility, or in a variety of facilities located throughout Morgan Hill.

Change to Bullet #1

Mayor Pro Tem Tate and Council Member Chang: An acute care hospital facility, *but if unable to achieve that objective*, then the objective is to preserve flexibility for either the conversion of an existing facility to an acute care hospital or construction of a new facility.

Council Member Cook stated, if the City is involved in providing medical services to the City, the indigent, medicare and medical factors need to be discussed. These services can place a burden on a facility and Ms. Cook stated she needs to know this segment of community will be served.

Council Member Sellers stated this issue is not addressed by the objectives, and it should be. This needs to be encouraged.

Add New Bullet:

Council Member Cook/Council Member Sellers/Mayor Kennedy: Provide services that serve the broadest segment of the Morgan Hill Community as possible.

Action: *On a motion by Council Member Chang and seconded by Mayor Pro Tem Tate, the City Council on a unanimous vote (5 - 0), approved the amended Set of Public Policy Objectives to Guide Future City Council Decision Making: 1) An acute care hospital facility, but if unable to achieve that objective, then the objective is to preserve flexibility for either the conversion of an existing facility to an acute care hospital or construction of a new facility; 2) Emergency care, but if unable to achieve, then 24 hour urgent care; 3) Obstetrics/gynecology services, a birthing center and other associated services for women; 4) An ambulatory surgery center; 5) A sufficient complement of primary care physicians to support the community and/or to support an acute care facility; 6) A sufficient amount of appropriate lab, radiology, and other clinical services to support the community and/or to support an acute care facility; 7) Minimal financial risk to the City and taxpayers; 8) Mechanisms to guarantee/secure the provision of the above components of an operational health care system over a period, not less than 20 years; 9) Provide services that serve the broadest segment of the Morgan Hill Community as possible; and 9) The above objectives may be achieved in an existing facility, a new facility or in a variety of facilities located throughout Morgan Hill.*

Council Member Tate suggested going out, within the next couple of weeks, to people who have all ready expressed an interest and requesting the shortest turnaround time possible.

Council Member Tate/Mayor Kennedy: proceed within a short time, the RFP process based of the above policies, with a 2-week response period. The RFP will state: will you and how, meet each of the above stated objective policies, and provide your business plan for the operation.

Council Member Chang wanted to add: when and how long will certain services be provided; if urgent care services will be provided now, when will acute care services be provided.

Interim City Manager Tewes stated based on comments heard tonight, he wasn't sure the interested parties could complete their business plan within 2-weeks.

Council Member Chang stated providers have been preparing proposals for the past month. They should be ready.

Mayor Kennedy stated there is a window of opportunity and the Council needs to move quickly (within 2-weeks); however, some viable alternatives may be lost, so 4-weeks may be a better option.

Council Member Sellers suggested, having the proposal in by the end of the month, and if you are interested, but are unable to perform under that deadline, please indicate what time period you might require. This would allow extra time for the completion of proposals Council thought were of interest. Council Member Tate agreed.

Council Member Cook stated the subcommittee has not encouraged people who could provide some of these services in a free-standing facility; they would not have had time to participate in a RFP process.

Council Member Chang responded by saying if there is no RFP's coming in, the Council can not go forward.

Mayor Kennedy believes the community has historically made significant contributions to providing the hospital facility in Morgan Hill: commitments, donations, uses, and its power of eminent domain. The vast majority of the public he has spoken with, supports saving the facility as an acute hospital. The community is not whole without a hospital and if we're not able to provide it now, at least we need the capability to restore it to a full service hospital. Mayor Kennedy proposed 1) proceed on RFP process, 2) proceed with the necessary steps to acquire the St. Louise facility, restore to a medical use and , 3) work with San Jose Christian College to find them a site in Morgan Hill.

Council directed Interim City Manager Tewes to send a RFP within a week or two, which addresses the policy objectives, requests their business plan, asks these questions: what type of partnership is being sought with the City (if any), and if so, identify what risks you see the City being exposed to, and how you will address them, to regional healthcare providers, asking for their response by the end of April.

Action: *On a motion by Council Member Chang and seconded by Council Member Tate, the City Council, on a unanimous vote (5-0), **Determined** A Schedule and Approach for Evaluating Proposals from Medical Service Provider.*

Council Member Cook stated this was a very hard decision and is very firm about not putting the City in a bad financial position. Figures that analyze risks to the City have not been review by Council, Council has not have a public discussion regarding the time frame and never entertained the idea of meeting the facility use needs and having the doctors' support.

OTHER BUSINESS: (continued)

SECOND READING OF ORDINANCE:

19. ADOPTED ORDINANCE NO. 1474, NEW SERIES

Action: *On General Consensus the City Council **Adopted** Ordinance No. 1474, New Series An Ordinance of The City Council of The City of Morgan Hill Approving an Amendment to Ordinance No. 545, New Series, Amending the Plan and Text to the Development Plan for the Planned Unit Development Located on the South Side of Cochrane Road between Monterey Road and Highway 101. ZA-99-12: Cochrane - Morgan Hill Development Partners by the following roll call vote:*

AYES: Chang, Cook, Kennedy, Sellers, Tate ; NOES: None; ABSTAIN: None; ABSENT: None

Redevelopment Agency Action

CONSENT CALENDAR:

20. AUTHORIZATION TO APPLY FOR AND ACCEPT A CALIFORNIA HOUSING FINANCE AGENCY (CHFA) “HELP” LOAN OF UP TO \$2,000,000 FOR HOUSING PROJECTS
Resolution No. MHRA - 216

Action: *On a motion by Agency Member Tate and seconded by Agency Member Chang the Redevelopment Agency unanimously (5-0) approved the Consent Calendar Item #20 as follows:*

Action: **Adopted** *Resolution No. MHRA - 216 Authorizing the Interim Executive Director to: 1) Apply to the California Housing Finance Agency (CHFA) “HELP” Program for a Loan of Up to \$2 Million, and 2) Do Everything Necessary to Execute the Agreement with CHFA.*

OPPORTUNITY FOR PUBLIC COMMENT

Interim City Attorney Helene Leichter announced the closed session.

CLOSED SESSION:

CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

Legal Authority:	Government Code 54956.8 & 54956.9(c) (1potential case)
Real Property(ies) involved:	APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Mission View and Cochrane Road; and APN 728-31-009 - 12.88 acres located on the southeast corner of Cochrane and Highway 101 (St. Louise Hospital property)
City Negotiators:	Mayor/Chairman, City Council/Agency Members; Interim City Manager/Interim Executive Director; Interim City Attorney/Interim Agency Counsel; Director of Business Assistance and Housing Services; and F. Gale Conner, special counsel
Closed Session Topic:	Potential Litigation

Action: *On a motion by Council Member Chang and seconded by Council Member Tate, the City Council unanimously (5-0) **Extended** the meeting to 1:30 AM.*

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to closed session at 1:00 A.M.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting from closed session.

CLOSED SESSION ANNOUNCEMENT:

No reportable action was taken.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting.

MINUTES RECORDED AND PREPARED BY:

Lois A. Corbet, Deputy City Clerk